**NOTICE OF PENSION PLAN CHANGES**

To Members of the
Memorial University Pension Plan

**Policy Directives – Effective January 1, 2014**

In February 2013 advance notice of a series of Policy Directives applicable to the Memorial University Pension Plan was issued to pension plan members. These Directives will come into effect on January 1, 2014. The Directives deal with a variety of existing administrative practices but also introduce some new policies and cost methods for prior service. A summary of the primary purpose of each Directive and any new related administrative practices is shown below.

|------------------------------|-------------------------------------------|
| 2012-1 Prescribes what constitutes eligible prior contractual service for buyback and sets terms for buyback contracts | i. the 6 months leading up to mandatory pension participation is eligible for purchase  
   ii. if the period in i above is purchased within 90 days of entering the plan, the cost is based on plan contribution rates and the university matches the employee amount  
   iii. except for ii above, the cost is based on the greater of full actuarial cost and commuted value (previously the cost was full actuarial value)  
   iv. buyback contract interest rate is the plan assumed rate of return as per actuarial valuation (previously prime + 2%)  
   v. 90 day time period to receive payment on buyback contracts |
| 2012-2 Prescribes terms for buyback of prior refunded Memorial service | i. the cost is based on the greater of full actuarial cost and commuted value (previously the cost was based on one-half actuarial value)  
   ii. buyback contract interest rate is the plan assumed rate of return as per actuarial valuation (previously prime + 2%)  
   iii. 90 day time period to receive payment on buyback contracts |
| 2012-3 Prescribes terms for buyback of prior refunded NL government service | i. the cost is based on the greater of full actuarial cost and commuted value (previously the cost was full actuarial value)  
   ii. buyback contract interest rate is the plan assumed rate of return as per actuarial valuation (previously prime + 2%)  
   iii. 90 day time period to receive payment on buyback contracts |
| 2012-4 Prescribes terms for buyback of unpaid leave of absence | i. For purchases not made within 90 days of return from leave the cost is based on the greater of full actuarial cost and commuted value (previously the cost was full actuarial value)  
   ii. buyback contract interest rate is the plan assumed rate of return as per actuarial valuation (previously prime + 2%)  
   iii. 90 day time period to receive payment on buyback contracts |
| 2012-5 Prescribes terms under which contractual employees participate in the pension plan | i. in accordance with practice, MUNFA four month term appointees are not eligible for pension plan participation (this is new only to the extent that it is to be formalized in a directive) |
| 2012-6 Prescribes eligible financial vehicles for purposes of pension transfers | None – reflects pension standards legislation and existing practice |
| 2012-7 Prescribes rate of interest applied to employee contributions | i. rate of interest is to be set at the greater of fund net rate of return and zero (previously rate was 5%) |